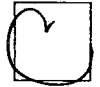


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-01689A  
Clear Springs Utility Company, Inc. - Sewer  
PO Box 85160  
Tucson, AZ 85754



RECEIVED

APR 14 2008

CL. SPRING UTILITY CO.  
TUCSON, AZ 85754

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2007
----	----	------

FOR COMMISSION USE

ANN05	07
-------	----

4-7-08

## COMPANY INFORMATION

<b>Company Name (Business Name)</b>	Clear Springs Utility Company--Sewer Division		
<b>Mailing Address</b>	P.O. Box 85160		
	(Street)		
Tucson	AZ	85754	
(City)	(State)	(Zip)	
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>Local Office Mailing Address</b>			
Same as above			
(Street)			
(City)	(State)	(Zip)	
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Code)			
<b>Email Address</b>			

## MANAGEMENT INFORMATION

<b>Management Contact:</b>	Southwestern Utility Management Inc.		
	(Name)	(Title)	
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>On Site Manager:</b>			
Robert Evans			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent</b>		Bonnie O'Connor	
		(Name)	
P.O. Box 85160	Tucson	AZ	85754
(Street)	(City)	(State)	(Zip)
520-623-5172	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> _____			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

### **OWNERSHIP INFORMATION**

Check the following box that applies to you company:

<input type="checkbox"/> <b>Sole Proprietor (S)</b>	<input type="checkbox"/> <b>C Corporation (C) (Other than Association/Co-Op)</b>
<input type="checkbox"/> <b>Partnership (P)</b>	<input checked="" type="checkbox"/> <b>Subchapter S Corporation (Z)</b>
<input type="checkbox"/> <b>Bankruptcy (B)</b>	<input type="checkbox"/> <b>Association/Co-Op (A)</b>
<input type="checkbox"/> <b>Receivership (R )</b>	<input type="checkbox"/> <b>Limited Liability Company</b>
<input type="checkbox"/> <b>Other (Describe)</b> _____	

### **COUNTIES SERVED**

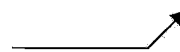
Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> <b>APACHE</b>	<input checked="" type="checkbox"/> <b>COCHISE</b>	<input type="checkbox"/> <b>COCONINO</b>
<input type="checkbox"/> <b>GILA</b>	<input type="checkbox"/> <b>GRAHAM</b>	<input type="checkbox"/> <b>GREENLEE</b>
<input type="checkbox"/> <b>LA PAZ</b>	<input type="checkbox"/> <b>MARICOPA</b>	<input type="checkbox"/> <b>MOHAVE</b>
<input type="checkbox"/> <b>NAVAJO</b>	<input type="checkbox"/> <b>PIMA</b>	<input type="checkbox"/> <b>PINAL</b>
<input type="checkbox"/> <b>SANTA CRUZ</b>	<input type="checkbox"/> <b>YAVAPAI</b>	<input type="checkbox"/> <b>YUMA</b>
<input type="checkbox"/> <b>STATEWIDE</b>		

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights	4,654	---	4,654
354	Structures and Improvements	9,504	5,861	3,643
355	Power Generation Equipment	50,478	46,312	4,166
360	Collection Sewers – Force	272,018	247,909	24,109
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Service to Customers	9,880	1,937	7,943
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	487	111	376
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equip.			
390	Office Furniture and Equipment			
391	Transportation Equipment	863	863	---
393	Tools, Shop and Garage Equip.	2,061	1,120	941
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	349,945	304,113	45,832

This amount goes on the Balance Sheet Acct. No. 108



**CALCULATION OF DEPRECIATION EXPENSE**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)*
351	Organization			
352	Franchises			
353	Land and Land Rights	4,654	---	---
354	Structures and Improvements	9,504	5%	192
355	Power Generation Equipment	50,478	5%	219
360	Collection Sewers – Force	272,018	5%	1,268
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	9,880	5%	418
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.	487	5%	20
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equip.			
390	Office Furniture and Equipment			
391	Transportation Equipment**	863	5%	---
393	Tools, Shop and Garage Equip.	2,061	5%	50
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>349,945</b>		<b>2,167</b>

This amount goes on the Comparative Statement of Income and Expense Acct. 403 

Less: Amortization of Contributions in Aid of Construction

(298)  
1869

\*Depreciation for 2007 is calculated on O.C.L.D.

See Accountants' Report.

**BALANCE SHEET**

<b>Acct. No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 8,866	\$ 5,532
132	Special Deposits		
135	Temporary Cash Investments	15,000	165,625
141	Customer Accounts Receivable	5,239	1,555
146	Notes/Receivables from Associated Companies	21,338	44,677
151	Plant Material and Supplies	1,602	1,602
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 52,045	\$ 218,991
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 348,802	\$ 349,945
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(301,946 )	(304,113 )
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 46,856	\$ 45,832
	<b>TOTAL ASSETS</b>	\$ 98,901	\$ 264,823

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

<b>Acct. No.</b>	<b>LIABILITIES</b>	<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$ 2,304
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	6,547	6,547
235	Customer Deposits	1,053	685
236	Accrued Taxes	235	218
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 7,835	\$ 9,754
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	\$ 40,741	\$ 40,741
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	87,976	87,976
272	Less: Amortization of Contributions	(82,310 )	(82,608 )
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 46,407	\$ 46,109
	<b>TOTAL LIABILITIES</b>	\$ 54,242	\$ 55,863
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$	\$
211	Other Paid in Capital	647,200	797,825
215	Retained Earnings	(602,541 )	(588,865 )
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 44,659	\$ 208,960
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 98,901	\$ 264,823

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
521	Flat Rate Revenues	\$	\$
522	Measured Revenues	49,869	48,876
536	Other Wastewater Revenues	520	210
	<b>TOTAL REVENUES</b>	\$ 50,389	\$ 49,086
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	1,654	2,714
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		
731	Contractual Services – Professional	23,080	23,740
735	Contractual Services – Testing	2,774	632
736	Contractual Services - Other	9,468	3,331
740	Rents		
750	Transportation Expense	3,015	2,999
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense	783	1,300
403	Depreciation Expense	1,923	1,869
408	Taxes Other Than Income		
408.11	Property Taxes	3,564	3,527
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 46,261	\$ 40,112
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 427	\$ 4,734
421	Non-Utility Income	26	26
426	Miscellaneous Non-Utility Income		
427	Interest Expense	(98 )	(58 )
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ 355	\$ 4,702
	<b>NET INCOME/(LOSS)</b>	\$ 4,483	\$ 13,676



**SUPPLEMENTAL FINANCIAL DATA**

Long-Term Debt

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ ---	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$

**WASTEWATER COMPANY PLANT DESCRIPTION**

**TREATMENT FACILITY**

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc)	Aerobic Lagoon Anaerobic Lagoon
<b>DESIGN CAPACITY OF PLANT</b> (Gallons Per Day)	300,000 Gallons/Day

**LIFT STATION FACILITIES**

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
S.W. Corner Ford Road & Allen				
St. Sunsites—Pearce, AZ	2	7.5	500	2000
Stand-by back-up pump				
220V 3ph	1	5	200	
Stand-by 110 Volt pump	1	5	160	

**FORCE MAINS**

Size	Material	Length (Feet)
4-inch		
6-inch		
8-inch	AC	1200

**MANHOLES**

Type	Quantity
Standard	160
Drop	

**CLEANOUTS**

Quantity
11

**WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED****COLLECTION MAINS**

<b>Size (in inches)</b>	<b>Material</b>	<b>Length (in feet)</b>
4		
6	AC/PVC	1225/3730
8	AC/CLAY/PVC	24200/ 56000/11840
10		
12	AC	
15		
18		
21		
24		
30		

**SERVICES**

<b>Size (in inches)</b>	<b>Material</b>	<b>Quantity</b>
4	AC	382
6		
8		
12		
15		

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY.**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	Fences Surrounding Sewer Ponds
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	Stand-by Generator Pump

<b>COMPANY NAME</b>	Clear Springs Utility Company - Sewer Division
<b>Name of System:</b>	<b>Wastewater Inventory Number (if applicable):</b> P100824

### WASTEWATER FLOWS

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
January	380	1,593,756	92,660
February	380	1,234,813	71,791
March	382	1,261,748	73,357
April	382	1,298,432	75,490
May	382	1,067,371	62,056
June	382	1,118-988	65,057
July	382	1,263,600	73,465
August	382	1,367,953	79,532
September	382	1,081,600	62,884
October	382	1,122,711	71,727
November	382	1,163,614	67,652
December	382	1,095,426	63,688

### PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE PER WASTEWATER SYSTEM

<b>Method of Effluent Disposal</b> (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	100824
<b>Groundwater Permit Number</b>	
<b>ADEQ Aquifer Protection Permit Number</b>	P100824
<b>ADEQ Reuse Permit Number</b>	
<b>EPA NPDES Permit Number</b>	

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

**INCOME TAXES**

For this reporting period, please provide the following:

Federal Taxable Income Reported	<u>S-Corporation</u>
Estimated or Actual Federal Tax Liability	<u></u>
State Taxable Income Reported	<u>S-Corporation</u>
Estimated or Actual State Tax Liability	<u></u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE

3/30/08  
\_\_\_\_\_  
DATE

Bonnie O'Connor  
\_\_\_\_\_  
PRINTED NAME

Secretary  
\_\_\_\_\_  
TITLE

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar year 2007 was \$ 3,527.48

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. \_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

(COUNTY OF (COUNTY NAME))	
Pima	
NAME (OWNER OR OFFICIAL)	TITLE
Bonnie O'Connor	Secretary
COMPANY NAME	
Clear Springs Utility Company--Sewer Division	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

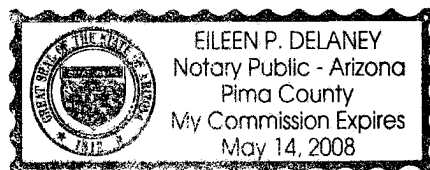
MONTH	DAY	YEAR
12	31	2007

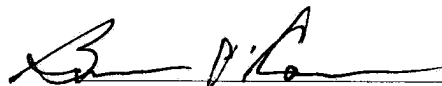
**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS. PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**



  
SIGNATURE OF OWNER OR OFFICIAL


520-623-5172  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF**  
THIS 20 DAY OF

COUNTY NAME	PIMA
MONTH	MARCH
	20 <u>08</u>

**(SEAL)**

**MY COMMISSION EXPIRES** May 14, 2008

  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF Arizona  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)
Pima
NAME (OWNER OR OFFICIAL) TITLE
Bonnie O'Connor--Secretary
COMPANY NAME
Clear Springs Utility Company--Sewer Division

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

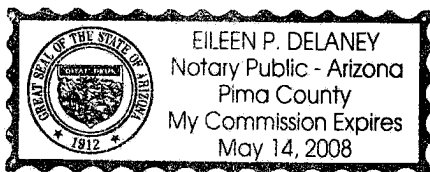
**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

**\$ 52,079**

**(THE AMOUNT IN THE BOX ABOVE  
INCLUDES \$ 2,993  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

520-623-5172  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

THIS 28 DAY OF

(SEAL)

MY COMMISSION EXPIRES May 14, 2008

COUNTY NAME	
PIMA	
MONTH	2008
MARCH	

SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
Intrastate Revenues Only**

**VERIFICATION**

**STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Bonnie O'Connor	TITLE Secretary
COMPANY NAME Clear Springs Utility Company—Sewer Division	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 2007
-------------	-----------	--------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 45,800

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 2,639

IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

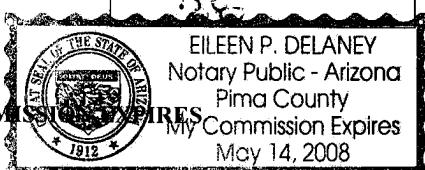
  
SIGNATURE OF OWNER OR OFFICIAL

520-623-5172  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME EILEEN P. DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	YEAR 2008

  
SIGNATURE OF NOTARY PUBLIC

HOLM, HESTAND & VALENZUELA, CPAs, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
3131 NORTH COUNTRY CLUB ROAD, SUITE 109  
TUCSON, ARIZONA 85716

DOUGLAS R. HOLM, CPA  
EMMA K. HESTAND, CPA  
JANETTE G. VALENZUELA, CPA

TELEPHONE: (520) 326-8483  
FAX: (520) 795-5191  
E-MAIL: HHVCPA@EARTHLINK.NET

COMPILATION ENGAGEMENT REPORT

We have compiled the balance sheets of Clear Springs Utility Company--Sewer Division as of December 31, 2007 and 2006, and the related comparative statements of income and expense for years then ended, included in the accompanying prescribed form in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission--Utilities Division information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

*Holm, Hestand, Valenzuela CPAs P.C.*

March 25, 2008

**2006 SECOND HALF PAYMENT COUPON**

**Due March 1, 2007**  
**CLEAR SPRINGS UTILITY (SEWER) COMPANY**

**51-52-270 4 0117600**

**Delinquency Date** Second Half Payment  
Penalty for late payment is 16% per year  
assessed monthly as of the 1st day of the  
month for payments postmarked after **5:00**  
**P.M. May 1, 2007** (ARS 42-18052 and ARS  
42-18053).

**2**

**Marsha Bonham**  
**Cochise County Treasurer**  
**PO Box 1778**  
**Bisbee AZ 85603-2778**

**TO PAY 2ND HALF**

**PAY**

**1,769.58**

**If your mortgage company makes your property  
tax payments consider this notice as a courtesy  
copy for your records only.**



029515227000400000176958



**Marsha Bonham**  
**Cochise County Treasurer**  
**PO Box 1778**  
**Bisbee AZ 85603-2778**

2006 9515227004 2 00000035391600000176958

**1595**

**CLEAR SPRINGS UTILITY CO., INC.**

SEWER DIVISION  
P.O. BOX 85160  
TUCSON, AZ 85754  
520-623-5172

WELLS FARGO BANK, N.A.  
WWW.WELLSFARGO.COM  
91-527/1221

4/18/2007

**PAY TO THE  
ORDER OF**

Marsha Bonham - Cochise County Treasurer

**\$ \*\*1,769.58**

One Thousand Seven Hundred Sixty-Nine and 58/100\*\*\*\*\*

**DOLLARS**

Marsha Bonham - Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85603

**MEMO:**

2nd Half Prop. tax 2006 Parcel ID: 951-52-270.4

⑈001595⑈ ⑆122105278⑆5788196243⑈

**CLEAR SPRINGS UTILITY CO., INC.**

SEWER DIVISION

Marsha Bonham - Cochise County Treasurer

**1595**

Date	Type	Reference	Original Amt.	Balance Due	4/18/2007 Discount	Payment
3/26/2007	Bill	2nd half 2006	1,769.58	1,769.58		1,769.58
				Check Amount		1,769.58

107 FIRST HALF PAYMENT COUPON

CLEAR SPRINGS UTILITY CO-(SEWER)  
951-52-270 4 Roll Number: 0119680

Penalty for late payment is 16% per year prorated  
thru as of the 1st day of the month for payments  
marked after 5:00 P.M.  
ARS 42-18052 and ARS 42-18053).

total property tax notice of \$100 or less must  
aid in full using the first payment coupon,  
5:00 P.M.

pay taxes for the full year, send the 1st half  
on with your payment postmarked no later than  
5:00 P.M. Delinquent interest will be waived.

Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

TO PAY 1ST HALF ONLY PAY 1,757.90  
TO PAY FULL YEAR TAX PAY 3,515.80

If your mortgage company makes your property  
tax payments consider this notice as a courtesy  
copy for your records only.



029515227000400000175790



Marsha Bonham  
Cochise County Treasurer  
PO Box 1778  
Bisbee AZ 85603-2778

2007 9515227004 1 00000035158000000175790

1627

CLEAR SPRINGS UTILITY CO., INC.  
SEWER DIVISION  
P.O. BOX 85160  
TUCSON, AZ 85754  
520-623-5172

WELLS FARGO BANK, N.A.  
WWW.WELLSFARGO.COM  
91-527/1221

10/10/2007

PAY TO THE ORDER OF Marsha Bonham - Cochise County Treasurer

\$ \*\*1,757.90

One Thousand Seven Hundred Fifty-Seven and 90/100 \*\*\*\*\* DOLLARS

Marsha Bonham - Cochise County Treasurer  
PO Box 1778  
Bisbee, AZ 85603

MEMO: 1st Half 2007 Prop. tax Parcel ID: 951-52-270 4

⑈001627⑈ ⑆122105278⑆5788196243⑈

CLEAR SPRINGS UTILITY CO., INC.  
SEWER DIVISION

Marsha Bonham - Cochise County Treasurer

10/10/2007

1627

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/3/2007	Bill	1st Half 2007	1,757.90	1,757.90		1,757.90
				Check Amount		1,757.90